

HEADLINE

Group Limited

ACN 060 199 082

Registered Office: C/- McBurney & Partners, Level 10, 68 Pitt Street, Sydney NSW 2000
Telephone: (02) 9230 0808; Facsimile: (02) 9230 0807

15 October, 2010

Mr Patrick O'Connor
ASX Markets Supervision Pty Ltd
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Dear Mr O'Connor

Appendix 3X Initial Director's Interest Notice

We refer to your letter dated 14 October 2010 regarding an Appendix 3X lodged by Headline Group Limited ("the Company") with ASX on Wednesday, 13 October 2010 for Mr Jerry Cull. Your advice that the Appendix 3X should have been lodged with ASX by Friday, 8 October 2010 is acknowledged by the Company.

You have asked the Company to answer three questions in relation to this matter and we respond as follows:

1. Please explain why the Appendix 3X was lodged late.

Mr Jerry Cull is a United Kingdom resident, and was appointed a director of the Company as a consequence of a substantial investment by Mothercare Finance Limited in the Company. Mr Cull is an appointee for Mothercare Finance Limited. Mr Cull was not present at the general meeting at which he was appointed as a director of the Company. Despite a request within the appropriate time frame by email for Mr Cull to provide details of any direct or indirect interests in securities of the Company, such information was not provided until 13 October 2010. Mr Cull's personal assistant was not able to obtain the information from Mr Cull as he was travelling overseas at the time of the requests being made.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A.

The Company has in place contracts signed by each of the Company's directors to ensure the disclosure requirements of listing rules 3.19A and 3.19B. The wording of those contracts is in accordance with the wording of the pro-forma agreement between entity and director as provided in Guidance Note 22 to the listing rules. Mr Cull's contract has now been received by the Company.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

The Company believes that its current arrangements are adequate for compliance with listing rule 3.19B. The directors have been provided with a copy of your letter dated 14 October 2010, and have been reminded of their obligations regarding disclosure of changes in their interests in the Company. The directors have undertaken to provide details of any changes in their interests directly to the company secretary in future within five business days of any transactions.

The Company takes this opportunity to apologise for the late lodgement of the Appendix 3X, and undertakes to ensure that such a breach of the listing rules does not recur.

Yours sincerely
Headline Group Limited


Ian Gordon
Company Secretary



14 October 2010

Mr Ian Gordon
Company Secretary
Headline Group Limited
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Email transmission: igordon@mcburney.com.au

Dear Mr. Gordon

**Headline Limited (the "Company")
Appendix 3X Initial Director's Interest Notice**

I refer to the following:

1. The Appendix 3X form lodged by the Company with ASX on Wednesday, 13 October 2010 for Mr. Jerry Cull (the "Appendices 3X");
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

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Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3X for Mr Cull indicates that he was appointed as a director of the Company on Thursday, 30 September 2010 following approval by shareholders at a general meeting on the same date. It appears that Mr Cull should have lodged the Appendix 3X with ASX by Friday, 8 October 2010. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances, ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

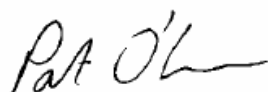
1. Please explain why the Appendix 3X was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to Patrick O'Connor by email at patrick.oconnor@asx.com.au or by facsimile on facsimile number (07) 3832 4114. It should **not** be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 8.30am Brisbane time) on Monday, 18 October 2010.

Under listing rule 18.7A, a copy of this query and your response **will** be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely



Patrick O'Connor
Senior Adviser, Issuers (Brisbane)